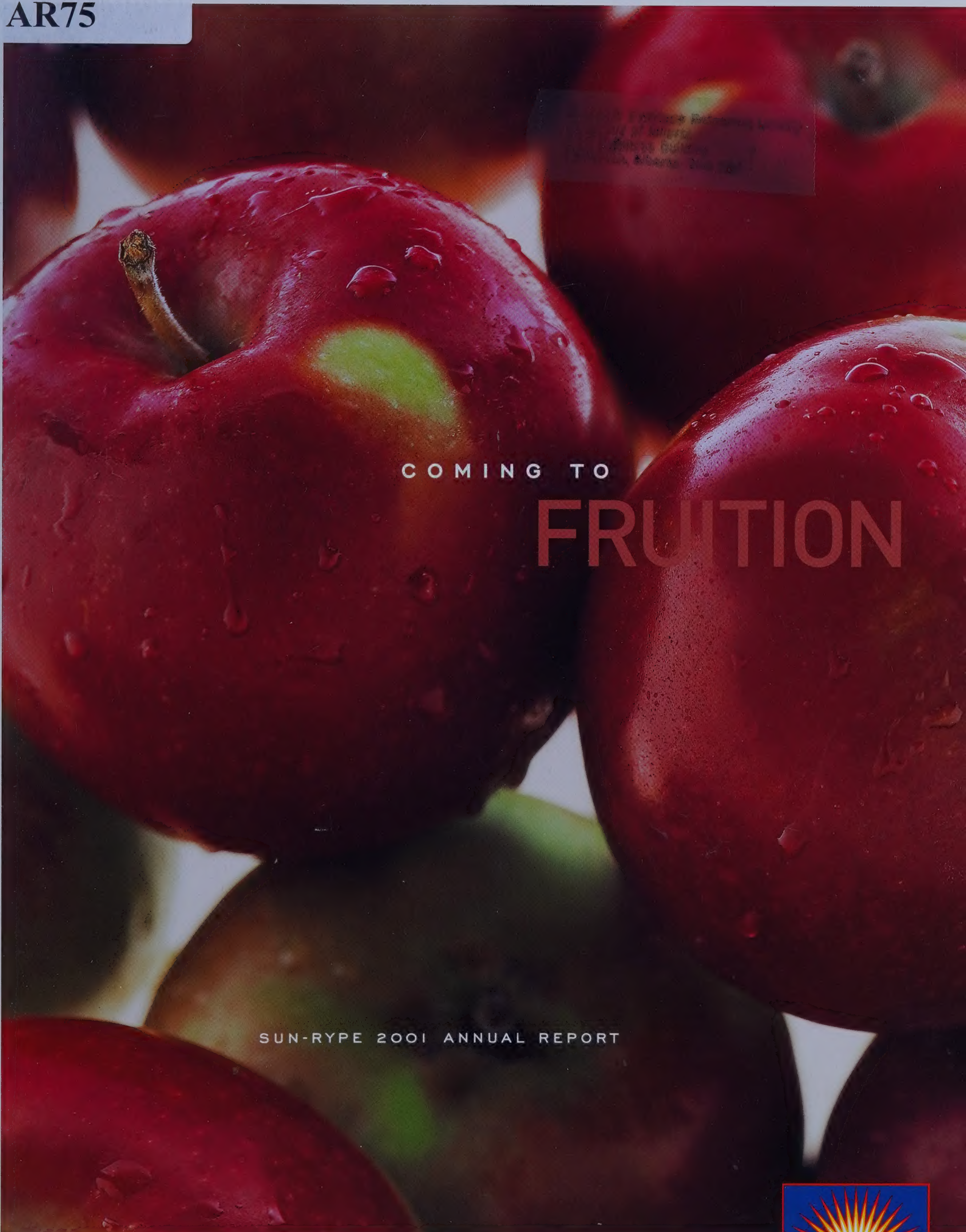


COMING TO

FRUITION

SUN-RYPE 2001 ANNUAL REPORT

SUN-RYPE

PROFILE Based in the heart of British Columbia's fruit growing district, Sun-Rype Products Ltd. is a leading Canadian manufacturer and marketer of juice-based beverages and all natural fruit snacks with annual sales of more than $100 million. Sun-Rype's best known products include: Blue Label Apple Juice – the #1 brand in western Canada; Fruit to Go 100% all natural fruit snacks – Canada's market leader; and Energy to Go 100% all natural fruit bars.[1]

A PROCESS THAT'S JUST BEGUN

The past year was one in which Sun-Rype's major growth strategies really began to bear fruit. Today, we are a truly national company with a growing range of wholesome, delicious products that are striking the right chord with health-conscious consumers. Equally important, we continue to make the kind of investments – in our brand, in our products, and in our manufacturing capabilities – that will increase this bountiful harvest in the years ahead.

SUN-RYPE SHARE PRICE April 1, 2000 to March 26, 2002 inclusive

[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

HIGHLIGHTS

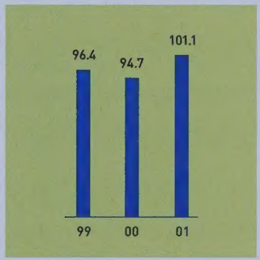
OPERATING

- Exceeded $100 million in sales for the first time in our history
- Achieved fourth consecutive year of record earnings and bank debt reduction
- Modernized the Kelowna, BC beverage facility to enhance efficiencies and create new opportunities for contract manufacturing
- Revitalized beverage portfolio to further strengthen our market leadership
- Increased food sales in central and eastern Canada by 27%
- Successfully launched our new Fruit & Veggie bar

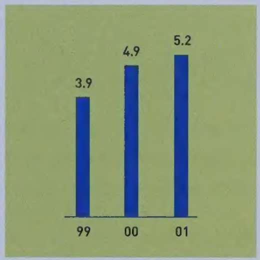
FINANCIAL (in thousands of dollars)

	2001	2000	% change
Net sales	101,092	94,670	6.8
Net earnings	5,214	4,852	7.5
Cash from operating activities before non-cash working capital items	7,928	7,554	5.0
Cash from operating activities	5,969	4,533	31.7
Debt (interest bearing)	824	1,713	(51.9)
Shareholders' equity	29,292	23,798	23.1

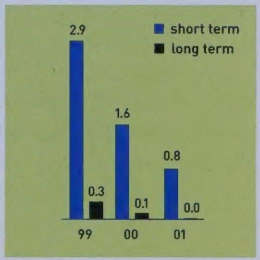
net sales ($ millions)



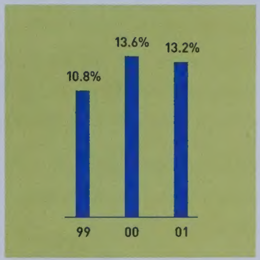
net earnings ($ millions)



debt (interest bearing)



return on assets



LETTER TO SHAREHOLDERS

The theme of Sun-Rype's annual report – **coming to fruition** – is certainly a fitting one for 2001. It was a year of many accomplishments – one in which we revitalized our beverage operation, expanded our leadership in the fast growing fruit snack market and exceeded each of our major financial goals, reaching, for the first time in our history, more than $100 million in sales. At the same time, we continued to make the investments that will ensure our strategies for growth keep bearing fruit in the years ahead.

RECORD FINANCIAL RESULTS For the year ended December 31, 2001 Sun-Rype's sales rose 6.8% to a record $101.1 million, thanks to solid gains in both our beverage and food operations. Results were especially strong in central and eastern Canada, where a 27% year-over-year increase in food sales reflected the successful establishment of Sun-Rype as a truly national brand.

We also continued to efficiently manage our operations. As a percentage of sales, gross profit improved to $40.1 million or 39.6% of sales compared to $36.0 million or 38.0% of sales in 2000. This accomplishment was primarily the result of higher sales volumes and lower raw material costs.

Net earnings for the year reached a record $5.2 million or $0.49 per share (fully diluted), compared to $4.9 million or $0.48 per share (fully diluted) in 2000.

Progress was also made in further strengthening the balance sheet. In the fourth consecutive year of debt reduction, the Company achieved a cash surplus position of approximately $1 million at December 31, 2001.

POSITIVE DEVELOPMENTS The year's most significant development started with the modernization of our beverage processing and packaging facilities. This initiative included the installation of an advanced beverage processing system for all beverage products at our plant in Kelowna, BC. The system's four state-of-the-art lines, which are on average 25% faster than those they replaced, offer substantially greater flexibility in terms of packaging size and design as well as the opportunity to optimize production utilization through contract manufacturing.

Upgrading our production facilities went hand in hand with the revitalization of our beverage portfolio; it included an extensive program that featured fresh package design, exciting new products and formulations, and enhanced functionality that will help us keep pace with changing consumer preferences. In today's market, that includes our recloseable one-litre slim container for active families and a new child-friendly 200ml single-serve size. Such product improvements are aimed at boosting Sun-Rype's leadership as the #1 brand in western Canada, with a healthy 23% volume share of the total Juices/Drinks/Nectars (JDN) market.[1]

Efforts to expand the food side of our business also continued to pay dividends. Our quest to build a nationally recognized brand of healthy, fruit-based products started with the introduction of Fruit to Go into central and eastern Canada in 1997.

[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

Left to right:
Merv Geen, Lawrence Bates

Since then, Fruit to Go has enjoyed remarkable success, generating an average annual compound sales growth of 21% to Canadian distributors in central and eastern Canada during the past four years. Today, Fruit to Go is the #1 fruit snack in Canada.[1]

In 1999 we followed the success of Fruit to Go with Energy to Go, our 100% fruit energy bar. Having built national distribution in retail grocery outlets for this product in 1999 and 2000, we were able to support national advertising for the first time in 2001. We took advantage of this opportunity with a full-scale consumer support program that helped boost our sales of Energy to Go by 17%.

In the past year we launched Sun-Rype Fruit & Veggie bars, a remarkably tasty and convenient way for time-pressed consumers to add more fruit and vegetables to their diets. Introduced to the trade in September 2001, we rapidly built Fruit & Veggie distribution nationally and generated $1.7 million in sales in its first four months on the market.

GROWING OPPORTUNITIES While we are admittedly pleased by our progress during the past year, we also believe that Sun-Rype is better positioned than ever to take advantage of future opportunities for growth. Our revitalized beverage portfolio will further strengthen our market leading position in western Canada. Our state-of-the-art beverage processing and packaging facility has enhanced productivity and been an important advantage in the pursuit of contract manufacturing opportunities. Our expanding family of fruit-based products has firmly established Sun-Rype as a national brand. And our growing financial strength gives us the flexibility to support future development and expansion. This includes capital investment in the food operations to keep pace with demand for our fruit snacks and to take advantage of contract manufacturing opportunities.

On the larger stage, Sun-Rype's fortunes will also be buoyed by positive industry fundamentals. Consumers are increasingly focused on the nutritional value of the foods they eat, a trend that bodes well for the sale of Sun-Rype's naturally wholesome snacks and beverages. Accordingly, product development will continue to be an important part of our growth strategy.

DEDICATED PEOPLE In 2001 Sun-Rype successfully reaped the benefits of its growth strategies while planting the seeds for an even better harvest in years to come. As always, our accomplishments were made possible by the spirit and dedication of the Company's employees, most of whom are also direct investors in the Company's performance. On behalf of the board and senior management, we extend our sincere appreciation to all employees for making Sun-Rype such a healthy and growing business.

Sincerely,

Lawrence Bates
President & Chief Executive Officer
February 27, 2002

Merv Geen
Chairman

[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

LEADERSHIP, INVESTMENT, VISION

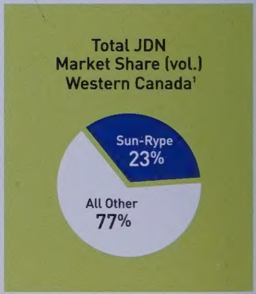
Strategies that will keep bearing fruit

Sun-Rype achieved strong results in 2001, the Company's fourth consecutive year of record earnings. Our success has come from strategically investing in one of western Canada's most trusted consumer brands to create a growing range of wholesome, fruit-based beverage and food products, and by extending our market presence across the country. These strategies continued to bear fruit during the past year and, thanks to the abundant opportunities before us, it's a process that has really just begun.

REFRESHING OUR LEADERSHIP

Following the installation of new, state-of-the-art production facilities in the summer of 2001, Sun-Rype unveiled the results of a total revitalization of its beverage portfolio – the most ambitious in the Company's history. Designed to further strengthen a dominant market position in western Canada, this initiative included fresh graphics, more convenient packaging and delicious new product formulations.

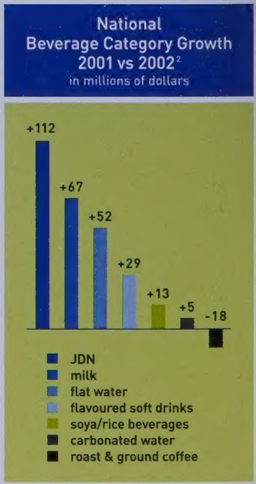
Already the undisputed leader in a growing category, with a remarkable 23% of the Juice/Drinks/Nectars (JDN) market in western Canada,[1] Sun-Rype has once again set new standards for taste, variety and innovation in its core beverage business. The launch of our revitalized beverage line has been backed by an ongoing marketing and merchandising campaign that includes consumer promotions, website support and in-store activity across western Canada. Early results of these initiatives have been very encouraging and we intend to keep building on our momentum in the year ahead.



INVESTING IN THE FUTURE

The seasonal aspects of being a fresh fruit processor make the available window for a major plant overhaul very slim. Careful planning and a total company effort contributed to a seamless transition that was on time, with no adverse effects to production or customer deliveries.

Now Sun-Rype possesses one of the most modern beverage processing and packaging facilities in North America – one that delivers a level of product and package versatility that was not possible before. The new system features the latest in aseptic technology enabling the production of both high and low acid products. A higher level of versatility also extends to packaging, with four "flex" lines that enable the production of a complete range of tetra packaged products, a cost-effective convenience format that delivers minimum package with maximum beverage. In 2001 Sun-Rype introduced the slim, recloseable family size package and the child-friendly 200ml single-serve size to better meet the needs of today's active families.



[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

[2] ACNielsen MarketTrack, 52 weeks ended Sept. 8, 2001

DESIGNED FOR IMPACT Sun-Rype's new package design maximizes impact in retail environments where our products are sold by the case.

MAKING A SPLASH Our vibrant new packaging features full colour design that reinforces Sun-Rype's reputation for quality, wholesome goodness and taste appeal.

SPEED AND QUALITY 25% faster and scalable for future growth, Sun-Rype's new beverage production system is designed to provide branded growth opportunities and take advantage of growing industry demand for high quality contract manufacturing.

BRANDING, RESEARCH, INNOVATION

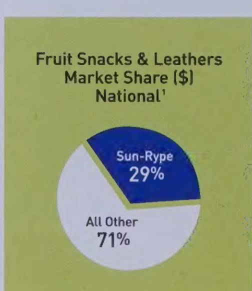
Striking the right chord with consumers

BUILDING A NATIONAL BRAND

For more than five decades Sun-Rype has enjoyed strong brand loyalty among western Canadian consumers – the kind that comes from consistently meeting their expectations for quality and value. During the past year we've been working with industry-leading media partners to help build the Sun-Rype brand in the rest of Canada. Combined with our own grassroots community initiatives – such as our Active Kid Challenge event program and the *activekid.com* website – Sun-Rype has worked hard to cultivate a deeper relationship with parents and children and convert them to loyal customers.

Such efforts are enabling Sun-Rype to take better advantage of its extensive retail presence as the Company continues to build brand awareness nationally. Combined retail sales of Fruit to Go and Energy to Go were up more than 17% in central and eastern Canada during 2001.[1] Equally important, we have succeeded in building a truly national platform for growth through the continuing introduction of fruit-based products.

DOMINATION AT THE STATION Energy to Go posted strong gains in 2001, thanks in part to a full-scale national campaign for Sun-Rype's 100% fruit energy bar. This bigger than life ad campaign at Toronto's Union Station was viewed by more than 75,000 consumers a day during its exclusive month-long run.



CONNECTING WITH KIDS Always a favourite with moms and dads for its 100% fruit goodness, Sun-Rype worked extensively with industry-leading partners like YTV in 2001 to forge a stronger connection with young consumers. A fully integrated promotion with YTV – the #1 kids TV station in Canada – helped drive increases in sales and website traffic.

[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

GOOD NUTRITION, MADE EASY With two full servings of fruit and one full serving of vegetables, Fruit & Veggie is a remarkably convenient solution for health-conscious adults on the go.

KEEPING UP WITH TOMORROW

Canadians continue to pay more attention to the nutritional value of the foods they eat, even as the demands of modern living make it difficult to follow a proper diet. Such trends spell opportunity for a company whose products have long been synonymous with quality, taste and natural goodness. And they're the reason we will continue to harness the power of the Sun-Rype brand to create all natural, fruit-based products for active, health-conscious consumers.

Our new Fruit & Veggie bar is a perfect example of the type of product that extends from Sun-Rype's core capabilities and answers an identified consumer need. In this case, our research revealed that only 36% of adult Canadians were meeting their daily requirements for fruit and vegetables.[1] Using our product development expertise and leveraging consumer confidence in our fruit snack products, we created Fruit & Veggie bars in three delicious flavours. The product has met with eager acceptance – a reception we plan to build upon during 2002 with an extensive consumer support campaign.

The past year was one in which many of our initiatives to build the Company as a Canadian leader in fruit-based beverage and food products have started to come to fruition. But this doesn't mean we are about to rest. In fact, the future has never looked brighter. We enjoy the benefits of being a national brand that is trusted for wholesome goodness and firmly aligned with trends toward better health and nutrition. We continue to make the investments – in product development and manufacturing capabilities – that will strengthen our leadership. As we look ahead, Sun-Rype is better positioned than ever to build upon its record of steady, strategic growth.

[1] National Nutrition Survey, ACNielsen, June 2001

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) provides a review of current activities and a comparison of the financial position and results of operations of Sun-Rype Products Ltd. as at and for the years ended December 31, 2001 and 2000. It should be read in conjunction with the consolidated financial statements and the accompanying notes.

OPERATING RESULTS AND GENERAL OUTLOOK

Sun-Rype recorded its fourth consecutive year of earnings' growth and debt reduction in 2001, while reinvesting significant capital to upgrade its facilities and beverage equipment over the same period. The Company is near maximum capacity in food production and is now poised to evaluate expansion alternatives that support its long-term corporate strategy of becoming a nationally recognized, branded supplier of fruit-based, healthy products. This strategy is focused on maintaining the Company's core business of manufacturing and marketing fruit juices and beverages as well as 100% all natural fruit snacks under the Sun-Rype brand.

KEY HIGHLIGHTS

- Sales reached a record level of $101.1 million
- Earnings after tax were a record $5.2 million
- Major beverage processing and packaging equipment upgrade was completed during 2001
- Beverage product lines revitalized to include one-litre recloseable feature and new 200ml single-serve size
- New Fruit & Veggie bar reached 84% distribution level in major grocery retail outlets within three months of launch in western Canada[1]

SALES AND PROFITABILITY REVIEW

The Company's sales reached a record $101.1 million in 2001, an increase of 6.8% compared to sales of $94.7 million last year. Sales growth was present in most product lines and categories, with food sales showing particularly strong gains as central and eastern Canada sales rose by 27%. The launch of Sun-Rype's new Fruit & Veggie bar in the fourth quarter was also an important contributor to the strong food sales growth.

Gross profit in 2001 was $40.1 million or 39.6% compared to $36.0 million or 38.0% in 2000. The $4.1 million increase is a result of higher sales volumes and lower raw material costs compared to the previous year. Both food and beverage products shared in this gross profit improvement.

Selling, general and administrative expenses for 2001 were $29.2 million, higher than last year's $25.4 million by $3.8 million or 15%. As a percentage of sales, selling, general and administrative expenses increased from 26.8% in 2000 to 28.9% in 2001. Selling and distribution costs were up in proportion to the growth in sales volumes ($1.3 million) with further incremental cost increases due to increased marketing expenditures ($1.9 million) to launch Fruit & Veggie bars, the revitalized beverage lineup and national advertising support for Fruit to Go and Energy to Go.

Depreciation and amortization declined by 17.0% or $0.6 million compared to last year. Amortization of tangible assets was $2.3 million for 2001 compared to $2.5 million in 2000, while amortization of product launch costs was $0.6 million compared to $1.0 million last year due to certain projects becoming fully amortized in 2000.

[1] ACNielsen MarketTrack, 52 weeks ended Dec. 29, 2001

Management expects somewhat higher amortization costs in 2002 as the Fruit & Veggie product launch and beverage packaging changeover costs will be amortized for a full year.

Interest expense declined from $0.4 million to negligible amounts in 2001. While some interest charges were incurred, primarily on short-term operating lines, the interest revenue generated from investing cash surplus amounts offset these costs. The Company expects interest expense to remain low in 2002 because of anticipated favourable cash flows and ongoing lower debt levels. Interest expense may rise if debt increases to finance future business opportunities. See the cash flow analysis commentary below regarding expected debt financing activity.

Other items during 2001 include the sale of redundant land and smaller equipment items for proceeds of $307,000 and a net gain of $174,000, as well as the disposal of equipment related to former operations in China, whereby the Company incurred a gain and net proceeds of $134,000. During 2000 the Company sold the "Fruit to Go" trademark in the United States to Del Monte Corporation for a one-time net gain of $835,000 (after tax $660,000). Sun-Rype retains rights to the Fruit to Go brand for dried fruit snacks in the United States and also retains exclusive rights to the trademark in Canada and other foreign markets where it is registered.

Earnings before income taxes were $8.3 million compared to $7.5 million in 2000. The improved earnings reflect a continued focus on profitability while strategically reinvesting in capital assets and facilities that will allow us to expand and build on sales growth into the future.

Income taxes averaged 36.9% of earnings, compared to 35.7% in 2000. The difference in rates is primarily due to adjustments to future income taxes and the recognition of reassessments of prior years' income tax returns in 2000.

Net earnings were $5.2 million in 2001 compared to $4.9 million in 2000, which translates into earnings per share of $0.49 ($0.49 fully diluted) in 2001, compared to $0.49 ($0.48 fully diluted) in 2000.

Quarterly Information (in thousands of dollars except per share amounts)

	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	$ 26,588	$ 24,195	$ 24,071	$ 26,238	$ 24,136	$ 21,728	$23,227	$ 25,579
Net earnings	876	888	1,569	1,881	1,816	778	1,104	1,154
Earnings per share								
Basic	0.08	0.08	0.15	0.18	0.18	0.08	0.11	0.12
Fully diluted	0.08	0.08	0.15	0.18	0.18	0.08	0.11	0.11

CASH FLOWS AND WORKING CAPITAL

Sun-Rype has enjoyed strong cash flows in 2000 and 2001, allowing it to pay off all long-term and short-term bank debt while investing in product launches and capital equipment. The Company's strong balance sheet will better enable management to take advantage of appropriate business opportunities and generate long-term growth in the future.

Cash provided by operating activities, before changes in non-cash working capital items, was $7.9 million in 2001 compared to $7.6 million in 2000, a reflection of the growth in sales volumes and profit margins. Changes in non-cash working capital items resulted in a $2.0 million outflow in 2001, compared to a $3.0 million outflow in 2000.

At December 31, 2001 accounts receivable increased by $2.2 million compared to December 31, 2000 due to higher sales and the timing of invoicing, while inventory balances increased by $3.0 million (to $13.1 million) to support the beverage packaging equipment change in the fourth quarter of 2001. There was a corresponding rise in accounts payable in 2001 of $3.5 million. For the 2000 year comparative, low inventories created a cash inflow of $2.0 million, offset by decreased accounts payable and income tax payments (cash outflows of $3.2 million and $2.0 million respectively).

Working capital was $12.8 million in 2001 compared to $9.0 million last year. Overall, working capital requirements are not expected to change substantially from 2001, except for an anticipated buildup of inventories and working capital to support a possible food capacity expansion program (which could be implemented in late 2002 or early 2003).

CAPITAL INVESTMENT AND FINANCING REQUIREMENTS

In 2001 the Company installed new Tetra Pak aseptic beverage processing and packaging equipment in the Kelowna plant. The equipment uses the latest processing and packaging technology and allows the Company to expand beverage production capacity. On the marketing side of the business, the beverage machinery allows Sun-Rype to introduce a new recloseable feature and a new shape on one-litre products as well as a new 200ml individual serving size. Capital expenditures for transportation and installation of this equipment, and a new "clean in place" process for apple juice production, were $1.2 million. In 2000 a beverage ultrafilter system, which utilizes new technology, was purchased and installed ($1.0 million) and building renovations at the Kelowna plant were also completed ($1.3 million) to extend the life of the facility and provide adequate amenities to employees. These capital items were in addition to normal maintenance levels of capital expenditures, resulting in aggregate capital expenditures of $2.9 million in 2001 and $3.8 million in 2000.

In 2002 planned capital expenditures are expected to include approximately $2.0 million of sustaining capital, $1.0 million for manufacturing equipment and software systems, plus a major production expansion for food which could cost approximately $9 million. Management anticipates that further spending may also be required to expand beverage production capacity if the pursuit of new contract manufacturing opportunities results in significant new business. Non-sustaining capital expenditures must meet internal rate of return and profitability/payback targets.

Capitalized product launch expenditures were $1.9 million in 2001 compared to $0.9 million in 2000. The 2001 product launches included Fruit & Veggie bars (national launch) and the revitalization of beverage products through the new one-litre recloseable feature and the new 200ml individual serving size (western Canada launch). Management expects to continue new product development activity, resulting in ongoing capitalized launch costs as new products complete the development cycle and flow to the marketplace. Projected new product launch costs to be capitalized in 2002 are approximately $1.1 million, although this amount may be adjusted due to market conditions, timing of entrance to market and other competitive factors.

In terms of financing, Sun-Rype paid out all long-term and short-term bank debt by the end of December 2001. An unused, standby long-term credit facility of $4.0 million was cancelled in November 2001. The Company has maintained a normal course issuer bid program for the past two years, resulting in the repurchase and cancellation of shares worth $1.2 million in 2000 (nil in 2001). This was partially offset by the exercise of stock options and issuance of new shares for $0.3 million in 2001 and $1.8 million in 2000.

The Company anticipates that its strong cash flow position will continue in 2002 at similar or better levels than 2001, with additional financing required if a food production line is approved for implementation or beverage production capacity is extended. To this end the Company's operating line of credit is available, subject to standard working capital and security requirements, or the Company can re-establish a long-term debt facility.

BALANCE SHEET

With respect to the balance sheet, the Company reduced long-term and short-term bank debt to zero by December 2001, and is in a cash surplus position of approximately $1.0 million. Inventories are being actively managed to cover sales demands during times of production equipment line upgrades. Strong operating cash flows, coupled with aggressive working capital management (of accounts payable and receivable), will allow management to continue its growth strategies of developing new products, investing in new production lines and building the Sun-Rype brand through various marketing campaign initiatives.

INDUSTRY OUTLOOK

The Company's long-term future is dependent upon its ability to continue to develop new products that can successfully compete in the grocery market under the Sun-Rype brand. Sun-Rype maintains a research and development department focused on developing appropriate new products to meet targeted business opportunities and on realizing cost efficiencies within existing product lines. The success of newly developed products is dependent upon the Company's ability to maintain consumer brand awareness and loyalty and its ability to maintain an adequate level of distribution within the major grocery chains in Canada.

RISKS

Supplies Availability of process grade apples is dependent upon harvest conditions in the Okanagan Valley and Washington State, as well as demand by other processors including concentrate manufacturers. The Company has been able to source the majority of its process grade apple requirements from local suppliers, primarily the farmer-owned packing houses in the Okanagan Valley and the balance from Washington State. The percentage of process grade apples acquired from Washington State varies from year to year depending on local crop production and the timing of the supply of specific apple varieties.

Apple and Concentrate Prices Process apple prices change relative to world apple concentrate prices. Higher supply prices can be recovered partially through higher product prices, based on limits of market and consumer acceptance and competition from other juice products.

Foreign Exchange The Company purchases most of its fruit juice concentrates at prices denominated in US dollars, which results in higher costs when the US dollar strengthens relative to the Canadian dollar. The volume of US dollar denominated purchases, converted to Canadian dollars, was approximately $10 million in 2001. Sun-Rype maintains a program of forward US dollar purchases when appropriate and also exports some finished product into the United States to mitigate a large portion of the foreign exchange risk on raw materials purchases.

Environment Sun-Rype maintains an environmental policy that reflects conscientious regard for the environment. Audits are conducted annually (every third year by an external consultant) to ensure that appropriate management policies and practices toward waste management, recycling and re-use of products are maintained. Management is of the opinion that expenditures relating to current environmental requirements will not have a material adverse effect on the financial position or earnings of the Company.

MANAGEMENT'S RESPONSIBILITY

The management of Sun-Rype Products Ltd. is responsible for the preparation and integrity of the consolidated financial statements of the Company. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using management's best estimates and judgements where necessary. The financial information contained elsewhere in this annual report is consistent with that in the balance sheet, earnings and cash flow statements.

Sun-Rype Products Ltd. maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with Canadian generally accepted accounting principles. The concept of reasonable assurance is based on the recognition that the cost of maintaining our system of internal accounting controls should not exceed benefits expected to be derived from the system. The system is supported by written policies and guidelines, and is continuously reviewed.

Deloitte & Touche LLP, independent auditors, are retained to audit Sun-Rype Products Ltd.'s financial statements. Their audit is conducted in accordance with Canadian generally accepted auditing standards and provides an independent assessment that helps assure fair representation of the Company's financial position, results of operations and cash flows. Their opinion on the financial statements is published below.

The Board of Directors, through its Audit Committee, comprised of non-management directors, exercises a monitoring role in the Company's financial affairs and statements. The Committee meets with management regularly and the independent auditors as required. These meetings include discussions of internal accounting control and the quality of management and financial reporting. The Finance & Administration department of the Company and the independent auditors have full and free access to the Audit Committee.

Management recognizes its responsibility to conduct Company business in accordance with high ethical standards. Our policy statements and ongoing communications and review programs are designed to ensure this responsibility is fully carried out.

L Bates

Lawrence Bates
President & Chief Executive Officer

R McGowan

Robert McGowan
Vice President Finance & Administration, Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Sun-Rype Products Ltd.

We have audited the consolidated balance sheets of Sun-Rype Products Ltd. as at December 31, 2001 and 2000 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
February 1, 2002

Sun-Rype Products Ltd.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Cash	$ 950	$ –
Accounts receivable (note 2)	10,882	8,727
Income taxes receivable	290	79
Inventories (note 3)	13,126	10,144
Prepaid expenses	566	425
Future income tax benefit (note 13)	391	347
	26,205	19,722
Property, plant and equipment (note 4)	15,359	14,857
Deferred expenses (note 5)	1,970	687
	$ 43,534	$ 35,266
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 6)	$ –	$ 800
Promissory note (note 7)	725	725
Accounts payable and accrued liabilities	12,567	9,055
Current portion of long-term obligations (note 8)	72	100
	13,364	10,680
Long-term obligations (note 8)	217	247
Future income taxes (note 13)	661	541
	14,242	11,468
Shareholders' equity		
Share capital and contributed surplus (note 9)	18,651	18,371
Retained earnings	10,641	5,427
	29,292	23,798
	$ 43,534	$ 35,266

Commitments (note 15)

APPROVED BY THE BOARD OF DIRECTORS

D. Selman, Director

J. Alfonso, Director

See accompanying notes to these financial statements

Sun-Rype Products Ltd.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

For the years ended December 31 (in thousands of dollars except per share amounts)

	2001	2000
Net sales	$ 101,092	$ 94,670
Cost of sales	61,030	58,695
Gross profit	40,062	35,975
Selling, general & administrative expenses	29,178	25,358
Amortization	2,926	3,526
Interest expense, net (note 10)	4	375
Other (note 11)	(308)	(831)
Earnings before income taxes	8,262	7,547
Income taxes (note 13)	3,048	2,695
Net earnings	5,214	4,852
Retained earnings, beginning of year	5,427	575
Retained earnings, end of year	$ 10,641	$ 5,427
Earnings per share (note 16)		
Basic	$ 0.49	$ 0.49
Fully diluted	0.49	0.48

See accompanying notes to these financial statements

Sun-Rype Products Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in thousands of dollars)

	2001	2000
Cash provided by (used in):		
Operating activities		
Net earnings	$ 5,214	$ 4,852
Non-cash items:		
Amortization of tangible assets	2,289	2,487
Amortization of goodwill and product launch costs	637	1,039
Gain on sale of trademark (note 11)	–	(835)
(Gain) loss on capital dispositions (note 11)	(308)	4
Future income taxes (note 13)	76	(64)
Shares issued for services (note 9)	–	73
Other	20	(2)
	7,928	7,554
Changes in non-cash working capital items (note 14)	(1,959)	(3,021)
	5,969	4,533
Financing activities		
Proceeds from issue of long-term debt	–	3,100
Repayment of long-term debt	–	(3,583)
Capital lease payment	(88)	(82)
Shares purchased and cancelled	–	(1,169)
Proceeds from issue of shares	280	1,750
	192	16
Investing activities		
Deferred expenses	(1,939)	(884)
Proceeds on capital dispositions (note 11)	441	113
Capital expenditures	(2,913)	(3,806)
Net proceeds on sale of trademark (note 11)	–	835
	(4,411)	(3,742)
Increase in cash position	1,750	807
Bank indebtedness, beginning of year	(800)	(1,607)
Cash (bank indebtedness), end of year	$ 950	$ (800)
Supplemental information on cash flows		
Interest paid	$ 74	$ 241
Income taxes paid	3,460	4,627

See accompanying notes to these financial statements

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of Sun-Rype Products Ltd. and its inactive wholly-owned subsidiaries. During 2001 the Company wound up two of its inactive subsidiaries.

(b) Inventories

Raw materials and supplies are recorded at the lower of cost, determined on a weighted average basis, and replacement cost.

Finished goods are recorded at the lower of cost and net realizable value. Finished goods include the cost of direct labour, direct materials and variable overheads related to production, applied at a standard rate, which is in line with actual costs. Fixed overhead costs related to production are considered a period cost and, as such, are not included in valuing inventory but are expensed in the period they are incurred.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost, net of investment tax credits. The Company uses the straight-line method of providing amortization over the estimated lives of the property, plant and equipment as follows:

Buildings	15 – 40 years
Equipment	
- Processing	5 – 25 years
- Other	3 – 12 years

(d) Goodwill

Goodwill, representing the excess of the purchase price over the estimated fair value of identifiable net assets acquired, is amortized over ten years on a straight-line basis.

(e) Product launch costs

The Company capitalizes certain marketing and product launch costs, which are deferred and amortized over the life of the project, to a maximum of 36 months, commencing with the date of commercialization.

(f) Future income taxes

The Company follows the liability method of accounting for income taxes. Under this method, the future income tax asset and liability method of accounting for income taxes is used, and future income tax liabilities and future income tax assets are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax basis. In addition, the future benefits of income tax assets including unused tax losses are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such losses will be ultimately utilized. Future income tax assets and liabilities are measured using enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized.

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currency translation

The Company translates monetary assets and liabilities at the rate of exchange in effect at the balance sheet date and non-monetary assets and liabilities at historical exchange rates. Revenues and expenses are translated at average rates in the month they occurred except for depreciation and amortization which are translated using the same rates as the related assets. Gains and losses on translation are recorded in the statement of earnings, except for gains and losses on long-term monetary items, which are deferred and amortized over the remaining life of the monetary item.

(h) Stock-based compensation plans

The Company has stock-based compensation plans which are described more fully in note 9. Stock options issued to senior management or members of the board of directors are not recorded as a compensation expense and any consideration paid by employees or board members upon the exercise of stock options is recorded as an increase to share capital. Contributions by the Company to employees in connection with the Company's stock purchase plan, which is available to all permanent full and part-time employees, are recorded as a compensation expense. Shares are purchased on an eligible employee's behalf by the Company's plan administrator.

(i) Revenue recognition

Sales are recognized upon the shipment of finished goods to customers when the risks and rewards are transferred and collectibility of proceeds is reasonably assured.

(j) Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses disclosed during reporting periods. The actual amounts could differ from those estimates.

2. ACCOUNTS RECEIVABLE *(in thousands of dollars)*

	2001	2000
Trade	$ 10,068	$ 7,644
Other	814	1,083
Total	$ 10,882	$ 8,727

3. INVENTORIES *(in thousands of dollars)*

	2001	2000
Raw materials and supplies	$ 6,256	$ 4,293
Finished goods	6,870	5,851
Total	$ 13,126	$ 10,144

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

4. PROPERTY, PLANT AND EQUIPMENT *(tabular amounts in thousands of dollars)*

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and improvements	$ 424	$ –	$ 424	$ 203
Buildings	14,577	8,749	5,828	5,977
Processing equipment	26,794	19,349	7,445	7,073
Other equipment	6,425	4,763	1,662	1,604
Total	$ 48,220	$ 32,861	$ 15,359	$ 14,857

Buildings, processing and other equipment includes capitalized equipment and projects under construction with a cost of $403,000 (2000 – $169,000), which will not be amortized until they are put in use. In addition, other equipment includes capital assets financed by a capital lease with a net book value of $168,000 (2000 – $226,000).

5. DEFERRED EXPENSES *(in thousands of dollars)*

	2001	2000
Product launch costs	$ 1,823	$ 487
Goodwill	69	104
Other	78	96
Total	$ 1,970	$ 687

6. BANK INDEBTEDNESS

The Company has a $15 million operating line of credit with a Canadian bank, which bears interest at the bank's prime lending rate (December 31, 2001 – 4.0%). This facility is secured by a general assignment of book debts and an assignment of inventories and demand debentures creating a fixed and floating charge over all Company assets.

7. PROMISSORY NOTE

The promissory note, due on demand in the amount of $725,000, is secured by a letter of credit and bears interest at the bank's prime rate plus 1/4%.

8. LONG-TERM OBLIGATIONS *(tabular amounts in thousands of dollars)*

		2001		2000
Capital lease obligations repayable in monthly payments of $8,412 including interest calculated at an average financing rate of 6.75%, secured by specific equipment		$ 99		$ 188
Employee future benefits, calculated using a discounted net present value rate of 7.5%		190		159
		289		347
Less current portion of:				
Capital lease obligations (net of imputed interest of $10,000)	$ (58)		$ (88)	
Employee future benefits (estimated change in net present value)	(14)	(72)	(12)	(100)
Total		$ 217		$ 247

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

8. LONG-TERM OBLIGATIONS (continued)

Minimum future cash payments required under capital leases are as follows:

2002	$ 64
2003	32
2004	13
Less: imputed interest	(10)
Total	$ 99

In November 2001 the Company cancelled a stand-by long-term bank facility of $4.0 million (2000 – $5.0 million).

9. SHARE CAPITAL

Authorized

100,000,000	Common shares without par value ("Common shares")
200	Preference shares of $6,750 par value ("Preference shares")

Common shares

The Common shares are fully participating and without par value. As at December 31, 2001 there were 10,642,200 Common shares issued and outstanding (2000 – 10,507,200).

Preference shares

At December 31, 2001 there were 200 Sun-Rype Preference shares authorized with a par value of $6,750 each, none of which are issued or outstanding.

Shareholder rights plan

In 1994 the Company adopted a shareholder rights plan to deter coercive and/or unfair takeover strategies, which was subsequently amended at the Company's annual general meeting in May 2001. Under the terms of the amended rights plan (the "Rights Plan") the Company has authorized the issue of one right for each Common share issued on or subsequent to the date the Rights Plan was adopted. Generally, if any person or group makes a takeover bid not permitted under the Rights Plan, or acquires 20% or more of the Company's outstanding shares without complying with the Rights Plan, the Rights Plan will entitle those holders of rights to purchase, in effect, shares of the Company at 50% of the then market price.

Directors' share compensation plan

The directors' share compensation plan, whereby a minimum of 50% and a maximum of 100% of the annual retainer fees for board members was paid through the issuance of common shares, was terminated in 2001.

Employee share ownership plan

The Company has an employee share ownership plan ("ESOP") enabling all permanent full and part-time employees to acquire Common shares through payroll deductions with financial assistance provided by the Company. The shares are purchased by the administrator of the ESOP on the open market, from the Company or from such other sources as designated by the board of directors. The aggregate number of treasury shares which may be purchased by the administrator is limited to 400,000 shares, subject to specified exceptions. Eligible employees may contribute monthly an amount which shall not exceed 7% of salary and the Company has agreed to contribute 35% of the amount contributed by each eligible employee. All funds and equity shares held by the administrator pursuant to the ESOP are held for the account of the individual eligible employee.

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

9. SHARE CAPITAL (continued)

Issued and fully paid capital *(all tabular dollar amounts in thousands)*

	2001		2000	
	Shares	$	Shares	$
Common shares				
Opening balance	10,507,200	$ 16,997	10,148,700	$ 15,668
Issued for services	–	–	18,500	73
Issued for cash	135,000	280	660,000	1,750
Repurchased and cancelled	–	–	(320,000)	(494)
Closing balance	10,642,200	17,277	10,507,200	16,997
Contributed Surplus				
Opening balance		1,374		2,049
Excess of cost over book value on repurchased and cancelled shares		–		(675)
Closing balance		1,374		1,374
Total		$ 18,651		$ 18,371

Share capital transactions
During 2000 the Company issued 18,500 Common shares to board members at an average market value of $3.92 per share as part of their compensation arrangement. During 2001 there were no shares issued to board members.

Normal course issuer bid transactions
During 2000 and 2001 the Company maintained normal course issuer bids ("NCIB"), allowing shares to be repurchased for cancellation. During the year 2001 no shares were repurchased under the NCIB. During the 2000 comparitive year 320,000 shares were repurchased for cancellation at an average price of $3.65 per share for a total consideration of $1,169,000. The excess cost (over book value) of $675,000 for the repurchased and cancelled shares was applied to contributed surplus.

Stock option transactions
The Company has a stock option plan that provides options to purchase Common shares of the Company for its employees, officers and directors. The options granted pursuant to this plan are exercisable at a price equal to or greater than the fair market value of the Common shares at the time the options were granted. At December 31, 2001 the maximum number of shares reserved and issuable under the stock option plan was 250,000 Common shares.

	Issued and Outstanding Options	Weighted Average Price
Outstanding at January 1, 2000	1,007,500	$ 2.45
Granted during 2000	37,500	4.00
Exercised during 2000	(660,000)	2.65
Outstanding at December 31, 2000	385,000	2.25
Exercised during 2001	(135,000)	2.07
Outstanding at December 31, 2001	250,000	2.34

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

9. SHARE CAPITAL (continued)

The following table summarizes the options outstanding and exercisable at December 31, 2001:

Number of Options Outstanding and Exercisable	Average Remaining Life (years)	Weighted Average Exercise Price
170,000	2.0	$ 2.00
42,500	2.5	2.25
37,500	3.0	4.00
250,000	2.2	2.34

Shares reserved for future issuance

As at December 31, 2001 the Company has 650,000 Common shares reserved for issuance pursuant to the following:

Employees, officers and directors share option plan	250,000	shares
Employee share ownership plan	400,000	
	650,000	shares

Shares under the employee share ownership plan are currently purchased on the open market and the share plan administrator has not used any of the 400,000 shares reserved in Treasury.

10. INTEREST EXPENSE *(in thousands of dollars)*

	2001	2000
Short-term interest expense	$ 92	$ 269
Long-term interest expense	14	164
	106	433
Less: interest income	(102)	(58)
Net interest expense	$ 4	$ 375

11. OTHER ITEMS

During 2001 the Company sold excess land and various smaller equipment items for proceeds of $307,000 and recorded a gain on disposal of $174,000. In addition, the Company recorded net proceeds and a gain of $134,000 on the disposal of equipment related to its former operations in China.

During 2000 the Company sold the "Fruit to Go" trademark in the United States to Del Monte Corporation for cash proceeds, resulting in a before-tax gain on sale of $835,000, net of expenses. Sun-Rype retains rights to the "Fruit to Go" brand for the dried fruit snack in the United States and also retains exclusive rights to the trademark in Canada and other foreign markets where it is registered.

12. PENSION PLAN

The Company maintains a defined contribution (money purchase) pension plan for substantially all of its salaried employees. Pension costs charged to earnings for the defined contribution plan were $222,000 in 2001 (2000 – $204,000).

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

13. INCOME TAXES *(all tabular dollar amounts in thousands)*

Differences between the statutory income tax rate applicable to the Company and the Company's effective income tax rate applied to net earnings consist of the following:

	2001		2000	
Income tax provision at the combined basic Canadian federal and provincial rate	$ 3,642	44.1%	$ 3,441	45.6%
Adjustment in income tax rate resulting from:				
Manufacturing and processing deduction	(562)	(6.7)	(513)	(6.8)
Non-deductible expenses	96	2.6	139	1.8
Other	(128)	(3.1)	(372)	(4.9)
Effective income tax provision	$ 3,048	36.9%	$ 2,695	35.7%

	2001	2000
The income tax provision consists of the following:		
Current tax expense	$ 2,972	$ 2,759
Future income tax expense (recovery)	76	(64)
Total income tax provision	$ 3,048	$ 2,695

Significant components of future income tax assets and liabilities include:

	2001	2000
Inventories	$ –	$ 23
Accrued liabilities	485	380
Losses and other deductions	314	383
Less: valuation allowance	(158)	(152)
Future income tax asset	641	634
Capital assets	(856)	(755)
Other	(55)	(73)
Future income tax liability	(911)	(828)
Net future income tax liability	$ (270)	$ (194)

The net future income tax liability is broken down as follows:

	2001	2000
Current	$ 391	$ 347
Non-current	(661)	(541)
Net future income tax liability	$ (270)	$ (194)

As at December 31, 2001 the Company had capital loss carry-forwards of approximately $1,600,000 available to reduce future capital gains. The Company has recognized the benefit associated with $826,000 of these capital loss carry-forwards in the financial statements.

14. CHANGES IN NON-CASH WORKING CAPITAL ITEMS *(in thousands of dollars)*

	2001	2000
Accounts receivable	$ (2,160)	$ 449
Inventories	(2,982)	1,961
Prepaid expenses	(140)	(236)
Accounts payable and accrued liabilities	3,534	(3,199)
Income taxes	(211)	(1,996)
Total	$ (1,959)	$ (3,021)

Sun-Rype Products Ltd.

NOTES TO THE CONSOLIDATED STATEMENTS

For the years ended December 31, 2001 and 2000

15. COMMITMENTS

(a) The Company has entered into operating lease and rental commitments for certain processing and office equipment and office space for the next five years as follows:

2002	$ 487,000
2003	373,000
2004	138,000
2005	108,000
2006	71,000

(b) Under the terms of a processing and filling systems agreement, the Company is committed to purchasing a minimum number of units of beverage packaging material annually until 2009, or it would be liable for an annual penalty of $775,000. Management estimates that penalties would only be payable in the event of a dramatic decline in market demand.

(c) Under the terms of certain employment agreements with selected senior officers, the Company is required to provide for compensation to be paid to the individuals in the event of termination of the individual's employment. The estimated settlement amount of these obligations is $323,000.

16. EARNINGS PER SHARE

Effective January 1, 2001 the Company has retroactively adopted the treasury stock method for the calculation of fully diluted earnings per share in accordance with a new Canadian Institute of Chartered Accountants accounting standard. The impact of this change in accounting policy on the current and comparative fully diluted earnings per share was not material.

Basic earnings per share is computed using the weighted average number of common shares outstanding during the year. The weighted average number of shares outstanding for the year, on a non-diluted basis, was 10,582,871 (2000 – 10,004,095).

17. FINANCIAL INSTRUMENTS AND CREDIT RISK

The Company's financial instruments include a promissory note, accounts receivable, income taxes receivable, accounts payable and accrued liabilities and long-term obligations for which the carrying values approximate fair values. The Company also utilizes foreign exchange forward purchase contracts from time to time to hedge risks associated with anticipated future purchases. There were no such contracts outstanding at December 31, 2001.

The Company's customers consist mainly of wholesale and retail grocery suppliers and food distributors principally located in western Canada. The Company's seven largest customers comprise approximately 75% of sales activity.

The Company's bank borrowings bear interest at rates that vary with changes in the short-term interest rate market. Interest expense and the Company's earnings could fluctuate because of changes in the short-term interest rate market.

18. SEGMENTED INFORMATION

The Company operates in one industry segment, the wholesale grocery segment within Canada. Financial statements have therefore not been segmented.

19. COMPARATIVE FIGURES

Certain of the prior years' comparative figures have been reclassified to conform to the classifications used in 2001.

20. SUBSEQUENT EVENT

In January 2002 the Company applied for and received approval to commence a new normal course issuer bid beginning February 4, 2002 and expiring February 3, 2003 to purchase up to 621,346 of its Common shares.

LEADERSHIP AT SUN-RYPE

Standing, left to right:
Robert McGowan (CFO), Michael Korenberg, Jess Alfonso, Lawrence Bates (CEO), Michael Tindall, Brad Buchanan (VP Sales and Marketing), Donald Selman

Seated, left to right:
Ken Hallat, Gail Prichard (Corporate Secretary), Merv Geen, Robert Dawson, Tim McElvaine, Robert Dick (VP Manufacturing)

BOARD OF DIRECTORS

JESS ALFONSO* **elected as a director in 2001**
Mr. Alfonso is the owner and President of Seamark Development Corp. He is also Vice President and director of Pacific Opportunity Company Ltd., and holds a Master of Science in Industrial Administration.

LAWRENCE BATES **President and Chief Executive Officer**
Appointed to the board as President and Chief Executive Officer in 1998, Mr. Bates is a 34-year veteran of the Company who has held several senior positions in sales, marketing, manufacturing and distribution.

ROBERT DAWSON* **elected as a director in 1981**
A non-practicing lawyer, Mr. Dawson is the owner of Dawson Orchards, Chairman of the Okanagan Valley Tree Fruit Authority and director of Okanagan Similkameen Co-operative Growers Association.

MERV GEEN† **Chairman of the Board**
Chairman since 1992, a director of Sun-Rype since 1987 and an orchardist since 1966, Mr. Geen also serves as a director of Kettle Mountain Ginseng Co. Ltd. and is a former director of BC Tree Fruits Ltd. and BC Fruit Packers.

KEN HALLAT **elected as a director in 1991**
Mr. Hallat is Chairman and Chief Executive Officer of Novas Capital Corp. and the M-Chem Group of Companies and serves on the boards of directors of Sleeman Breweries Ltd. and Marine BioProducts International Corporation.

MICHAEL KORENBERG **elected as a director in 2001**
Mr. Korenberg is Managing Director, Vice Chairman of The Jim Pattison Group and is on the boards of Slocan Forest Products and Westshore Terminals. He was formerly Deputy Chairman and COO of Orca Bay Sports & Entertainment and a partner of Blake, Cassels & Graydon.

TIM McELVAINE† **elected as a director in 2001**
Mr. McElvaine is President of McElvaine Investment Management Ltd. providing investment counsel to The McElvaine Investment Trust and The McElvaine Investment Limited Partnership. He holds both CA and CFA designations.

DONALD SELMAN*† **elected as a director in 2001**
Mr. Selman is a senior partner of Wolrige Mahon, a CA firm. He specializes in acquisitions, business valuations, litigation support and forensic accounting, and holds several professional designations.

MICHAEL TINDALL **elected as a director in 2001**
Mr. Tindall is the owner of Teambuilders Marketing, and the former Vice President, Sales, for Telemedia Radio (West) Inc. He also serves on the board of the Okanagan University College Foundation.

* Members of the Audit Committee † Members of the Executive Committee

Sun-Rype Products Ltd.

SIX-YEAR HISTORICAL REVIEW

Dollar amounts in thousands except per share amounts

OPERATING RESULTS	2001	2000	1999	1998	1997	1996
Net sales	$ 101,092	$ 94,670	$ 96,359	$ 83,811	$ 88,317	$ 80,183
Gross profit	40,062	35,975	37,018	29,083	26,949	26,453
Gross profit %	39.6%	38.0%	38.4%	34.7%	30.5%	33.0%
Selling, general and administration expense	$ 29,178	$ 25,358	$ 25,981	$ 20,757	$ 22,172	$ 19,608
Restructuring expenses	–	–	–	1,123	3,087	–
Other[1]	(308)	(831)	–	(656)	4,408	742
EBITDA	11,192	11,448	11,037	7,859	(2,718)	6,103
Depreciation and amortization	2,926	3,526	4,035	3,739	3,100	2,349
EBIT	8,266	7,922	7,002	4,120	(5,818)	3,754
Interest expense	4	375	610	1,230	748	871
EBT	8,262	7,547	6,392	2,890	(6,566)	2,883
Income taxes	3,048	2,695	2,459	1,076	(749)	1,369
Net earnings	5,214	4,852	3,933	1,814	(5,817)	1,514
FINANCIAL POSITION AND CASH FLOW						
Working capital	12,841	9,042	4,821	5,594	3,030	9,323
Invested capital	30,116	25,511	21,486	27,371	36,564	30,002
Total assets	43,534	35,266	36,323	36,678	47,319	40,279
Interest bearing debt	824	1,713	3,194	13,471	24,271	12,250
Shareholders' equity	29,292	23,798	18,292	13,900	12,293	17,752
Cash from operating activities before changes in non-cash working capital items	7,928	7,554	8,094	5,598	1,267	4,782
Cash from operating activities	5,969	4,533	11,843	13,390	(3,993)	3,792
Capital expenditures	2,913	3,806	1,175	1,742	4,966	1,638
Expenditures for deferred expenses - product launch costs	1,939	884	570	968	2,108	2,690
FINANCIAL RATIOS						
Net earnings as % of net sales	5.2%	5.1%	4.1%	2.2%	-6.6%	1.9%
After-tax return on average equity	19.6%	23.1%	24.4%	13.9%	-38.7%	8.9%
After-tax return on average assets	13.2%	13.6%	10.8%	4.3%	-13.3%	3.9%
Pre-tax (EBIT) return on average invested capital	29.7%	33.7%	28.7%	12.9%	-17.5%	13.1%
Current ratio	2.0	1.8	1.3	1.4	1.1	1.7
Debt:equity ratio	0.0	0.1	0.2	1.0	2.0	0.7
PER SHARE INFORMATION						
Average shares outstanding (000's)	10,583	10,004	9,983	9,906	9,798	8,228
Earnings/share	$ 0.49	$ 0.49	$ 0.39	$ 0.18	$ (0.59)	$ 0.18
Cash flow/share	0.75	0.76	0.81	0.57	0.13	0.58
Book value/share	2.77	2.38	1.83	1.40	1.25	2.16
Share price - high	6.60	4.25	3.75	2.50	2.90	2.95
- low	3.85	3.20	1.05	1.05	1.75	1.75
- close	6.45	4.15	3.50	1.40	2.00	2.00
OPERATING DATA						
Apple tons (t) processed	53,583 t	40,543 t	48,452 t	39,989 t	39,709 t	29,470 t
Average apple price (per ton)	$ 96	$ 160	$ 107	$ 90	$ 148	$ 217
Apple juice & apple drinks market share ($ volume)[2]	53%	49%	54%	50%	51%	44%
Fruit snacks market share ($ volume)[3]	29%	27%	25%	19%	15%	N/A

1999 has been restated to reflect a change in accounting policy for future income taxes and employee future benefits. The effect of the change in accounting policy on 1999 opening retained earnings of $249,000 has reduced 1998 ending "shareholders' equity" but has not been reflected in "net earnings" for years prior to 1999.

1 *Other includes: successful defense against Clearly Canadian Beverages takeover bid in 1996; discontinued subsidiary operations in China in 1997 and 1998; gain on the sale of the US "Fruit to Go" trademark in 2000; sale of land and China equipment in 2001.*

2 *ACNielsen MarketTrack, Total West, Grocery 3 Channels, 52 weeks ended December of each year.*

3 *ACNielsen MarketTrack, National, Grocery 3 Channels, 52 weeks ended December of each year.*

CORPORATE GOVERNANCE Since our earliest days as a fruit growers' co-operative, sound corporate governance has been a fundamental and guiding principle at Sun-Rype. We believe that corporate governance is inextricably linked to a company's long-term performance. Furthermore, it is essential for creating a balanced decision-making environment that ensures responsiveness to the needs of various stakeholder groups. At the 2000 AGM Sun-Rype's capital structure was reorganized, cancelling the Class A multiple voting shares previously held by the BCFGA and redesignating the Class B subordinate voting shares as Common shares, thereby placing voting control exclusively with Sun-Rype's equity investors on a one share, one vote basis. While the Company maintains a close working relationship with the BCFGA, we have welcomed the opportunity to fully democratize the Company's capital structure as well as enhance the diversity of the board. With these changes, Sun-Rype continues to comply with both the letter and the spirit of the TSE Guidelines on Corporate Governance including: the separation of the CEO and Chairman posts and the maintenance of a majority of independent directors on the board. For a complete description of the Company's corporate governance practices relative to each of the 14 guidelines, please refer to Sun-Rype's 2002 Management Information Circular.

OFFICERS & SENIOR MANAGEMENT

Lawrence Bates
President & Chief Executive Officer

Robert McGowan
Vice President,
Finance & Administration
Chief Financial Officer

Brad Buchanan
Vice President, Sales & Marketing

Robert Dick
Vice President, Manufacturing

Gail Prichard
Corporate Secretary

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Kelowna, BC

Fraser Milner Casgrain LLP
Vancouver, BC

Banker
Bank of Montreal
Vancouver, BC

Registrar and Transfer Agent
Computershare Trust Company
510 Burrard Street, 2nd floor
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Requests for a copy of this annual report, other corporate information or shareholder inquiries should be directed to:

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